

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 DOE-15 SOE-02 AGRE-00 L-03 OES-07 /118 W
-----121574 010345Z /17

R 290055Z APR 78
FM USLO PEKING
TO SECSTATE WASHDC 0568
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 1201

E.O. 11652: GDS
TAGS: ETRD EALR CH US
SUBJ: BUSINESS ACTIVITY REPORT: APRIL

REF: PEKING 873

1. SUMMARY. A HIGH LEVEL OF US BUSINESS ACTIVITY CONTINUED THROUGH THE MONTH. HIGHLIGHT ON THE US EXPORT SIDE WAS THE SALE OF ONE MILLION METRIC TONS OF AMERICAN WHEAT, WORTH OVER \$130 MILLION. BETHLEHEM STEEL CONCLUDED THE SALE OF A JACK-UP TYPE OIL RIG CURRENTLY UNDER CONSTRUCTION IN SINGAPORE. DURING THE MONTH TWO OTHER US FIRMS WERE COMPETING FOR FURTHER PRC RIG PURCHASES. A \$5 MILLION CONTRACT FOR OTHER OIL FIELD EQUIPMENT WAS CONCLUDED. TWO AMERICAN FIRMS SOLD HERBICIDES. A NUMBER OF OTHER AMERICAN FIRMS VISITED PEKING IN APRIL TO GIVE SEMINARS AND TECHNICAL PRESENTATIONS.

2. MOST OF THE US IMPORTERS LEFT PEKING EARLY IN THE MONTH FOR CANTON. A HIGHLIGHT WAS THE NATIONAL COUNCIL FOR US-CHINA TRADE SPONSORED LIGHT INDUSTRIAL HANDICRAFTS DELEGATION WHICH VISITED PEKING, SHANAHAI AND CANTON.
END SUMMARY.

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SELLERS

3. CONTINENTAL GRAIN. USDA ANNOUNCED THE SALE OF ONE MILLION METRIC TONS OF US WHEAT DURING THE MONTH, THE FIRST WHEAT SALE SINCE 1974. THE TOTAL VALUE OF THE PURCHASE WAS OVER \$130 MILLION. ACCORDING TO USDA, 100,000

METRIC TONS ARE SET FOR DELIVERY IN MAY, 600,000 FROM JUNE TO SEPTEMBER, AND 300,000 WILL BE DELIVERED BY THE END OF 1978.

4. CARGILL. REPRESENTATIVES OF THIS FIRM VISITED PEKING DURING THE MONTH. WE HAVE NO INFORMATION CONCERNING POSSIBLE SALES.

5. BETHLEHEM SINGAPORE. THIS FIRM COMPLETED NEGOTIATIONS WITH MACHIMPEX FOR THE SALE OF ONE JACK-UP MAT-TYPE OFFSHORE OIL DRILLING RIG OF THE BETHDRILL JU-250 DESIGN. THE RIG IS CURRENTLY UNDER CONSTRUCTION IN SINGAPORE, AND THE CONTRACT REPORTEDLY CALLS FOR A TURNKEY PROJECT UTILIZING CATERPILLAR ENGINES AND NATIONAL SUPPLY DRILLING EQUIPMENT. THE RIG IS WORTH OVER \$20 MILLION AND WILL BE DELIVERED IN EARLY 1979. BETHLEHEM SINGAPORE IS A SUBSIDIARY OF THE BETHLEHEM STEEL CORPORATION (70 PERCENT) AND THE SINGAPORE DEVELOPMENT BANK (30 PERCENT). THE FIRM WAS REPRESENTED BY STANLEY LUBMAN IN MAKING THE SALE.

6. LEVINGSTON. REPS OF THIS FIRM WERE IN PEKING NEGOTIATING FOR CHINESE PURCHASES OF ADDITIONAL OIL RIGS THE TEAM PLANNED TO LEAVE AT THE END OF APRIL AND RETURN LATER TO COMPLETE NEGOTIATIONS. LEVINGSTON EXPECTS CHINESE WILL PURCHASE APPROX THREE MORE RIGS. THE FIRM IS REPRESENTED BY WJS.

7. MARATHON-LETOURNEAU. FIRM REPS WERE IN PEKING COMPETING WITH LEVINGSTON FOR PRC OIL RIG PURCHASES, USLO UNDERSTANDS THAT A TEAM FROM HITACHI-ROBIN LOH IS ALSO HERE ATTEMPTING TO SELL
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OIL RIGS.

8. LYNES, INC. THIS FIRM, AFFILIATED WITH BAKER TRADING, SPLIT A SALE WORTH APPROX \$5 MILLION WITH SCHLUMBERGER-JOHNSON FOR METERS AND DRILL TESTING EQUIPMENT.

9. SCHLUMBERGER-JOHNSON. (SEE ABOVE.) FIRM IS REPRESENTED BY WJS.

10. MONSANTO. SINGAPORE-BASED REPS RONALD THOMPSON AND LOW YOONG CHIU SOLD APPROX \$2 MILLION WORTH OF HERBICIDES FOR SOYBEANS AND CORN.

11. DUPONT. FIRM REPS MADE A SALE OF HERBICIDES AND AGRICULTURAL CHEMICALS SIMILAR TO THE MONSANTO SALE (SEE ABOVE).

12. CATERPILLAR FAR-EAST. A FOUR-MAN TEAM HEADED BY BILL YOUNG ARRIVED LATER IN THE MONTH TO SUPERVISE THE INSTALLATION OF DIESEL ENGINES -- A \$10 MILLION SALE CONCLUDED LAST FALL. EIGHTY OF THE 120 UNITS SOLD HAVE ALREADY ARRIVED IN CHINA AND ALL HAVE BEEN SHIPPED. THE ENGINES ARE FOR USE IN ONSHORE OIL FIELDS, AND THE TEAM WILL BE VISITING TAKANG OIL FIELD.

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13. ELLICOTT MACHINE CORP. PRESIDENT HERBERT BURE AND TWO OTHERS ARRIVED APRIL 10, THE SECOND VISIT BY THIS FIRM. ELLICOTT HAS MADE A PROPOSAL TO SELL UP TO FOUR DREDGES TO MACHIMPEX, PROBABLY FOR USE IN SHANGHAI HARBOR. ELLICOTT FACES STILL COMPETITION FROM A DUTCH FIRM WHICH WAS DUE TO ARRIVE IN PEKING THE END OF APRIL, AND WHICH HAS ALREADY SOLD DREDGES TO THE PRC. THE CHINESE ARE RUSHING THE DISCUSSIONS ALONG, AND APPARENTLY HAVE A PRESSING NEED FOR THE DREDGES.

14. BUCYRUS-ERIE. INTERNATIONAL SALES MANAGER W.M. GOMEZ RETURNED TO PEKING TO DISCUSS FIRM'S LINE OF MINING EQUIPMENT.

15. SPECTRA PHYSICS. WALTER SCHLECHTRIEM GAVE TECHNICAL SEMINARS DURING THE MONTH ON LASER EQUIPMENT. THE SEMINARS WERE ORGANIZED BY CCPIT.

16. SMITH DASING, LTD. PRESIDENT SAMUEL HAWKES VISITED CANTON AND PEKING REPRESENTING THIS NEW TRADING FIRM WHICH WAS ORGANIZED LAST DECEMBER TO SERVE AS AN AGENT FOR US FIRMS, ESPECIALLY IN OIL FIELD AND MINING EQUIPMENT. THE FIRM IS AN AFFILIATE OF SMITH INTERNATIONAL WHICH MANUFACTURES ROCK BITS AND DOWN HOLE EQUIPMENT, AND WHICH HAS ALREADY SOLD TO THE PRC. DASING IS A HONG KONG BASED TRADING COMPANY. THE NEW FIRM ALSO HOPES TO BUY
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MINERALS SUCH AS TUNGSTEN AND BARITE AND OTHER INDUSTRIAL RAW MATERIALS.

17. OTHER SELLERS. WALTER CHAN, REPRESENTING FMC, SPENT SEVERAL WEEKS IN PEKING. FLUOR CORPORATION'S TALKS WITH TECHIMPORT CONTINUED DURING APRIL (SEE PEKING 873). THEODORE SORENSON, HOSTED BY THE CHINESE PEOPLE'S INSTITUTE FOR FOREIGN AFFAIRS, HAD AN OPPORTUNITY TO HOLD DISCUSSIONS WITH MACHIMPEX ON BEHALF OF A NUMBER OF CLIENTS. ROBERT V. ROOSA (BROWN BROTHERS HARRIMAN AND COMPANY), TRAVELING WITH SORENSON, MET WITH BANK OF CHINA OFFICIALS. J.A. MCCANN, VP-MARKETING FOR WABCO'S CONSTRUCTION AND MINING EQUIPMENT GROUP, VISITED PEKING. AN INTERNATIONAL HARVESTER REP TRAVELING WITH THE CHICAGO COUNCIL ON FOREIGN RELATIONS DELEGATION MET WITH MACHIMPEX OFFICIALS ON BEHALF OF HIS FIRM. MRS. BEULAH KWOK SUNG, MANAGING DIRECTOR OF UNISON INTERNATIONAL, A NEW TRADING FIRM BASED IN CLEVELAND, VISITED PEKING TO ESTABLISH CONTACTS WITH MACHIMPEX AND THE OTHER FTC'S. MRS. SUNG PARTICIPATED IN THE NATIONAL COUNCIL'S LIGHT INDUSTRIAL HANDICRAFTS DELEGATION.

BUYERS

18. GROCERY MANUFACTURERS OF AMERICA, INC. VICE PRESIDENT JONATHAN SLOAT VISITED PEKING; HE IS INTERESTED IN IMPORTING CHINESE FOODSTUFFS.

19. MOST OF THE PRINCIPAL US BUYERS LEFT PEKING FOR CANTON EARLY IN THE MONTH, ALTHOUGH -- AS IN THE PAST -- NEGOTIATIONS FOR PURCHASES OF A NUMBER OF PRODUCTS (E.G., TEXTILES) HAVE ALREADY BEEN CONCLUDED, AND CONTRACT SIGNING IN CANTON WILL BE A FORMALITY. CANTON FAIR DEVELOPMENTS WILL BE REPORTED SEPARATELY.

20. THE NATIONAL COUNCIL FOR US-CHINA TRADE SENT A LIGHT CONFIDENTIAL

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INDUSTRIAL HANDICRAFTS DELEGATION TO CHINA IN EARLY APRIL. MEMBERS OF THE DELEGATION INCLUDED EXPERIENCED US PURCHASERS OF CARPETS, BASKET AND RATTANWARE, DINNERWARE, FOOTWARE, TOYS AND PERSONAL ACCESSORIES. THE DELEGATION VISITED PEKING, SHANGHAI AND CANTON AND MET PRIMARILY WITH LIGHT INDUSTRIAL CORPORATION, ARTS AND CRAFTS CORPORATION AND THE NATIVE PRODUCE AND ANIMAL BY-PRODUCTS CORPORATION. HOST WAS THE CCPIT. DELEGATION DISBANDED IN CANTON AT THE BEGINNING OF THE FAIR, AND THE MEMBERS PURSUED THEIR OWN BUSINESS INTERESTS SEPARATELY AT THE FAIR. A FEW SMALL PURCHASES WERE MADE BY DELEGATION MEMBERS DURING THE VISIT, E.G., SILK TIES AND SCARVES, BUT THE EMPHASIS WAS ON DISCUSSION OF MUTUAL PROBLEMS IN CHINA'S EXPORTS TO THE US.

21. THIS MESSAGE CONTAINS SENSITIVE COMMERCIAL INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE US GOVERNMENT.

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